

VZCZCXR08622
PP RUEHBC RUEHDE RUEHIHL RUEHKUK
DE RUEHGB #2977 2481326
ZNY CCCCC ZZH
P 051326Z SEP 07
FM AMEMBASSY BAGHDAD
TO RUEHC/SECSTATE WASHDC PRIORITY 3199
INFO RUCNRAQ/IRAQ COLLECTIVE PRIORITY

C O N F I D E N T I A L BAGHDAD 002977

SIPDIS

SIPDIS

E.O. 12958: DECL: 09/04/2017

TAGS: PGOV ECON MOPS IZ

SUBJECT: IRAQ EXECUTIVE STEERING COMMITTEE MEETING, AUGUST 31

Classified By: COORDINATOR FOR ECONOMIC TRANSITION IN IRAQ, CHARLES P. RIES, FOR REASONS 1.4 (B) AND (D).

¶1. (C) SUMMARY: Discussions of the August 31 Iraq Executive Steering Committee (IESC) centered upon the Government of Iraq's (GoI) capability to address potential winter fuel shortages. The Prime Minister decided to assign a greater role to the Baghdad Provincial Council in the supervision of fuel distribution throughout the city. END SUMMARY.

PM Security Assessment

¶2. (C) PM Maliki initiated the meeting with a brief discussion concerning security. He encouraged attendees to counter militant groups responsible for violence and hindering delivery of essential services. The PM further requested those with current intelligence on threats to establish a direct line of communication with the Baghdad Operation Command (BOC).3. (C) Reflecting upon recent clashes surrounding the Shia religious celebrations in Karbala, PM Maliki argued that efforts to ensure security were actually successful despite negative media reports. The absence of suicide bombers and improvised explosive devices (IED) indicates the achievement of precautionary measures that focused on such potentialities.

Avoiding a Winter of Discontent

¶4. (C) The Minister of Oil, Husayn al Shahristani, describing current ministerial strategies to address potential winter shortages of kerosene/LPG admitted that he anticipated difficulties in meeting demand. The Minister described several plans, designed to deliver as much as 3 million liters a day during the heating seasons, equal to half or more potential demand. He described plans to import 1 million liters/day from Iran, and obtain 3000 liters/day from Doura and 1 million liters/day from Bayji refineries. The remainder the MoO would try to import by ship.

¶5. (C) Meanwhile, the long running saga relating to the import of diesel fuel from Kuwait continues. Although the MoO finally has paid outstanding arrears, trucks loaded with benzene purchased in late 2006 have not yet been released. The Minister revealed he is suspicious of GoK intentions and believes the Kuwaiti parliament is intentionally manipulating oil deals. Ambassador Ries reiterated USEMB support of IESC efforts to resolve Kuwaiti contractual disputes and agreed that payments should have permitted the release of vehicles into Iraq. Amb Ries promised to collaborate with the GoI to identify current obstacles and ensure future exchanges occur expeditiously.

¶6. (C) Baghdad Provincial Council Chairman, Mueen al

Khademy, expressed his concern of limited Baghdad heating fuel supply and suggested the establishment of a committee to ensure equitable distribution. PC Chairman Mueen further contended the PC would be able to more efficiently deliver fuel to Baghdad residents than the MoO. Minister Shahrustani dismissed the PC Chairman's accusation of ministerial incompetence, and countered that the circumstance stems from quantitative shortages rather than distributive deficiencies. Nevertheless, PM Maliki declared future Baghdad fuel distribution this year should be the responsibility of the PC.

Mutannabi Street

¶7. (C) Concerns were raised of potential delays in the Baghdad municipality's (Amanat) execution of Mutannabi Street reconstruction efforts. Baghdad Mayor, Saber al Esawi, responded that current delays were a result of Deputy Prime Minister Zoubai's absence, who was originally in control of the project's implementation. Regardless, Mayor Saber reported the Amanat selected the final architectural design and indicated construction would commence on September 2 and will last approximately six months. In order to counter potential budgetary shortfalls, the Mayor agreed to submit a supplemental request.

CROCKER